

SHORT SALE ADDENDUM TO LISTING AGREEMENT

1. **ADDENDUM TO CONTRACT.** This Short Sale Addendum (Addendum) is attached to and made a part of the exclusive listing agreement (Listing Agreement) between _____ (Seller) and _____ (Brokerage Firm) dated _____, 20____ for the exclusive right to sell the property known as _____ (Property). This Addendum shall control in the event of any conflict with Listing Agreement. Except as modified, all other terms and provisions of Listing Agreement shall remain the same.

2. PURPOSE AND DEFINITIONS.

2.1. Purpose of Addendum. Seller has debts secured by one or more liens on Property. The purchase price may not be enough to cover payment for all the liens and costs of sale. If so, for the closing to occur, the affected lienholder (§ 2.2 below) must agree to a short sale (§ 2.3 below).

2.2. Lien; Lienholder. A lien is a recorded claim or lien against Property, including, but not limited to, a mortgage, deed of trust, mechanic's lien, judgment or tax lien (Lien). A title insurance commitment may be used to show any Lien against Property. A lienholder is a creditor who has a Lien and agrees to release the Lien in a Short Sale (Lienholder) (§ 2.3 below).

2.3. Short Sale. A short sale (Short Sale) is a transaction in which Lienholder releases its Lien against Property and (a) accepts an amount less than the full amount Lienholder claims is owed or (b) treats the debt secured by Lien differently than as originally provided for in the evidence of debt (such as a promissory note). Before a Short Sale can occur, Buyer, Seller, and Lienholder (except those creditors that are to be paid the full amount claimed) must consent to the terms of the sale. Sometimes, a Lien is released but the Lienholder does not agree to release Seller from liability or reduce the unpaid portion of the debt. In this instance, Seller and any guarantors will remain liable after closing for that unpaid portion, despite the release of any Lien against Property at closing.

2.4. Short Sale Acceptance. Short Sale Acceptance is when Seller receives one or more written statements, signed by the respective Lienholder, that specify the terms and conditions of Short Sale.

3. **POTENTIAL CREDIT AND TAX CONSEQUENCES.** Seller understands that a Short Sale (a) may have negative impact on the credit rating or credit score of Seller and (b) may result in taxable income to Seller, even though Seller does not receive any cash proceeds from the sale.

Broker has advised Seller that Seller may wish to consult an attorney and/or tax advisor to discuss the possible credit and tax ramifications of a short sale. Seller is aware that Broker can provide neither tax advice nor legal advice.

4. **BROKER NOT LIABLE FOR LENDER DECISIONS.** Seller is aware that Lienholders are not within Broker's control. Broker shall not be liable for any loss, damage or harm to Seller resulting from: (a) Broker's communications with Lienholder; (b) Lienholder's rejection of Short Sale terms; (c) failure of Lienholder to make decision in a timely manner; or (d) imposition of terms or conditions by Lienholder.
5. **ALTERNATIVES TO SHORT-SALE.** Seller acknowledges that there are alternatives to a Short Sale that may be better for Seller. Seller acknowledges that a Short Sale transaction may result in continued liability of Seller or other persons liable for the debt that could be extinguished through foreclosure, bankruptcy or other loss mitigation options, including but not limited to a negotiated loan modification with Lienholder. Seller acknowledges that it is the responsibility of Seller to investigate these alternative methods of resolution with Seller's legal, accounting or financial advisors and with Lienholder and it is not the responsibility of any real estate broker to undertake any investigation of other options that may be available to Seller.
6. **SELLER'S DUTIES.** Seller hereby agrees to cooperate with Broker's efforts to negotiate a reduced payoff amount by executing or providing any documentation required by Lienholder in order to review or process the short payoff request. Such documentation may include, but is not limited to the following: appraisal, copies of tax returns, pay stubs, bank statements, statement of assets, medical statements, or documentation to establish a hardship. Seller agrees to respond to Broker's requests promptly, accurately and fully. Broker shall not be responsible for an adverse decision or the failure to make a decision in a timely manner by Lienholder. Broker shall not be responsible to verify any information provided by Seller and Seller agrees to indemnify, defend and hold harmless Broker for same.

Date: _____

Date: _____

Seller: _____

Listing Agent: _____

Seller: _____